

House File 186 - Introduced

HOUSE FILE 186

BY PETTENGILL and MAXWELL

A BILL FOR

1 An Act providing for the imposition of the local hotel and
2 motel tax by a land use district.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 303.52, Code 2017, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 3A. The board of trustees may by ordinance
4 impose a hotel and motel tax in accordance with chapter 423A.

5 Sec. 2. Section 423A.4, Code 2017, is amended to read as
6 follows:

7 **423A.4 Locally imposed hotel and motel tax.**

8 1. A city ~~or~~, a county, or a land use district created under
9 chapter 303, subchapter IV, may impose, by ordinance of the
10 city council or by resolution of the board of supervisors or
11 by ordinance of the board of trustees, a hotel and motel tax,
12 at a rate not to exceed seven percent, which shall be imposed
13 in increments of one or more full percentage points upon the
14 sales price from the renting of lodging. The tax when imposed
15 by a city shall apply only within the corporate boundaries
16 of that city, and when imposed by a county shall apply only
17 outside incorporated areas within that county, and when imposed
18 by a land use district shall apply only within the corporate
19 boundaries of that district. A hotel and motel tax imposed
20 by a city or county shall not be imposed within the corporate
21 boundaries of a land use district during any period of time
22 that the land use district is imposing a hotel and motel tax.

23 2. Within ten days of the election at which a majority of
24 those voting on the question favors the imposition, repeal,
25 or change in the rate of the hotel and motel tax, the county
26 auditor shall give written notice by sending a copy of the
27 abstract of votes from the favorable election to the director
28 of revenue.

29 3. A local hotel and motel tax shall be imposed on January
30 1 or July 1, following the notification of the director of
31 revenue. Once imposed, the tax shall remain in effect at the
32 rate imposed for a minimum of one year. A local hotel and motel
33 tax shall terminate only on June 30 or December 31. At least
34 forty-five days prior to the tax being effective or prior to a
35 revision in the tax rate or prior to the repeal of the tax, a

1 city, ~~or~~ county, or land use district shall provide notice by
 2 mail of such action to the director of revenue. The director
 3 shall have the authority to waive the notice requirement.

4 4. a. A city, ~~or~~ county, or land use district shall impose
 5 or repeal a hotel and motel tax or increase or reduce the tax
 6 rate only after an election at which a majority of those voting
 7 on the question favors imposition, repeal, or change in rate.
 8 However, a hotel and motel tax of a city or county shall not
 9 be repealed or reduced in rate if obligations are outstanding
 10 which are payable as provided in [section 423A.7](#), unless funds
 11 sufficient to pay the principal, interest, and premium, if any,
 12 on the outstanding obligations at and prior to maturity have
 13 been properly set aside and pledged for that purpose.

14 b. If the tax applies only within the corporate boundaries
 15 of a city, only the registered voters of the city shall be
 16 permitted to vote. The election shall be held at the time of
 17 the regular city election or at a special election called for
 18 that purpose. If the tax applies only in the unincorporated
 19 areas of a county or only within the corporate boundaries
 20 of a land use district, only the registered voters of the
 21 unincorporated areas of the county or the registered voters of
 22 the land use district, as applicable, shall be permitted to
 23 vote. The election shall be held at the time of the general
 24 election or at a special election called for that purpose.

25 Sec. 3. Section 423A.6, subsection 1, Code 2017, is amended
 26 to read as follows:

27 1. The director of revenue shall administer the state and
 28 local hotel and motel tax as nearly as possible in conjunction
 29 with the administration of the state sales tax law, except
 30 that portion of the law which implements the streamlined sales
 31 and use tax agreement. The director shall provide appropriate
 32 forms, or provide on the regular state tax forms, for reporting
 33 state and local hotel and motel tax liability. All moneys
 34 received or refunded one hundred eighty days after the date
 35 on which a city, ~~or~~ county, or land use district terminates

1 its local hotel and motel tax and all moneys received from the
2 state hotel and motel tax shall be deposited in or withdrawn
3 from the general fund of the state.

4 Sec. 4. Section 423A.7, subsection 2, Code 2017, is amended
5 to read as follows:

6 2. All moneys in the local transient guest tax fund shall
7 be remitted at least quarterly by the department, pursuant to
8 rules of the director of revenue, to each city in the amount
9 collected from businesses in that city, ~~and~~ to each county in
10 the amount collected from businesses in the unincorporated
11 areas of the county, and to each land use district in the
12 amount collected from businesses in that land use district.

13 Sec. 5. Section 423A.7, subsection 4, unnumbered paragraph
14 1, Code 2017, is amended to read as follows:

15 The revenue derived by a city or county from any local hotel
16 and motel tax authorized by [section 423A.4](#) shall be used by a
17 city or county as follows:

18 Sec. 6. Section 423A.7, Code 2017, is amended by adding the
19 following new subsection:

20 NEW SUBSECTION. 5. The revenue derived by a land use
21 district from any local hotel and motel tax authorized by
22 section 423A.4 may be expended for any lawful purpose of the
23 land use district.

24 EXPLANATION

25 The inclusion of this explanation does not constitute agreement with
26 the explanation's substance by the members of the general assembly.

27 This bill permits a land use district created under Code
28 sections 303.41 through 303.68 to impose the local hotel and
29 motel tax under Code chapter 423A upon the renting of any
30 lodging within the land use district. The bill amends the
31 powers and duties of the board of trustees of a land use
32 district to permit the board to impose the tax.

33 The tax may only be imposed by ordinance of the board of
34 trustees of the district after an election at which a majority
35 of those voting favors imposition. Only registered voters

1 of the land use district are permitted to vote, and the tax
2 only applies within the corporate boundaries of the land use
3 district. A majority vote of the registered voters of the
4 district is also required for a repeal or rate change. The tax
5 rate may not exceed 7 percent and must be in increments of one
6 or more full percentage points.

7 The bill provides that revenues derived by a land use
8 district from the local hotel and motel tax may be expended
9 for any lawful purposes of the land use district. The bill
10 also provides that a hotel and motel tax imposed by a city or
11 county shall not be imposed within the corporate boundaries of
12 a land use district during any period of time that the land use
13 district is imposing a hotel and motel tax. The bill amends
14 provisions of Code sections 423A.4 and 423A.7 relating to the
15 power to pledge future hotel and motel tax revenues toward
16 the payment of certain bonds to specify that such bonding
17 provisions only apply to cities and counties that levy the tax.